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SUBJECT: THAI FARMERS: TRYING TO STAND OUT IN A SEA OF RED

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SUMMARY AND COMMENT

11. (SBU) Around 5,000 Thai farmers gathered in front of the Ministry of Agriculture and the Land Reform Office in central Bangkok on February 24 in an effort to place the concerns of farmers on the national agenda. The weather-beaten and somewhat somber group contrasted sharply with the more affluent and upbeat throngs of anti-government protesters dressed in red elsewhere in Bangkok, who monopolized media coverage. The farmers vowed to maintain political neutrality while asserting their message for debt forgiveness, despite the overlapping protest routes with the anti-government "Redshirts."

12. (SBU) Comment: Farmers in Thailand tend to protest at the start of any new government, and often around March when operational meetings of the Farmers' Rehabilitation and Development Fund resume. Thai farmers have historically supported whichever political party offers the best short-term solution to their problems or financial terms. Nonetheless, there is the possibility that in 2009 farmers may join the ongoing Redshirt anti-government protests to place further pressure on the RTG if their demands are not met. That said, we believe the farmers do not share the Redshirts' overall political agenda, but rather might welcome any other groups' willingness to show support for the farmers' cause. End Summary and Comment.

FARMERS STRUGGLE FOR SPOTLIGHT

13. (SBU) Approximately 5,000 Thai farmers from the Northeastern Small Scale Farmers Association began a protest in front of the Ministry of Agriculture and the Land Reform Office on February 18. As of February 26, this protest continued, with little media coverage and reduced numbers. The protest centers on rising levels of debt and bankruptcy among farmers. Protest coordinator and association chairman Ronnachit Thummong, a farmer from Si Sa Ket province, told us the group placed four demands on the government, and that they would not leave Bangkok until all demands were met. The demands were: to install the Prime Minister as the chairman of the Farmers' Rehabilitation and Development Fund; to add farmer representatives to the Fund management team; to force the Bank of Agriculture to stop accumulation of interest on loans made to them and to reduce their principal repayments by half; and to "place farmers' problems on the national agenda." (Note: The Farmers' Rehabilitation and Development Fund was established in 1999 with the primary purpose to purchase farmers' debts and operate programs to maintain farmers' land ownership. End Note.) Ronnachit added that 260,000 farmers were currently indebted to the Bank of Agriculture, and 16,000 farmers had already declared bankruptcy or had their properties confiscated by the Bank of

Agriculture.

14. (SBU) Ronnachit also stressed to us that the farmers had no ties with the ongoing anti-government "Redshirt" protests, nor did they support the yellow-shirted People's Alliance for Democracy (PAD). "Our color is black due to the depth and nature of our own problems," he joked. However, he perceived that the RTG was not focusing on the association's demands because it was preoccupied by the challenge posed by the Redshirts. Ronnachit and his associates praised the apparent sincerity of the current government, but feared that some political parties in the government's coalition would pose an impediment to the realization of farmers' goals. For example, he viewed the Chart Thai Pattana party, one of whose members heads the Ministry of Agriculture, as comprised of "capitalists" who owned and operated agri-businesses or supported the sale of land to foreign investors. He also said that most of the Farmers' Rehabilitation and Development Fund management team supported Chart Thai Pattana.

#### SHORT-TERM SOLUTIONS PROLONG DEBT CYCLE

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15. (SBU) Senior researcher at the Thai Studies Institute of Thammasat University Professor Wanwipha Burutattanaphan told us on February 24 that large amounts of debt remains the biggest problem facing Thai farmers. She explained that farmers end up indebted after they borrow money in order to rent land, and their produce was often insufficient to cover their expenses. A government program to provide farmers with free land had not been as effective as intended, in part because farmers often took the opportunity to sell this granted land, although rarely accumulating enough capital to avoid continued need for borrowing.

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16. (SBU) Wanwipha explained that farmers, who tended to be unable to engage in effective collective bargaining, were often compelled to sell their produce at low prices, partly because they lacked storage facilities to stockpile goods, and therefore were at the mercy of middle men/purchasers. She added that in 2006 the RTG planned to build a huge silo for rice storage to increase the bargaining power of the farmers. However, the Council for Social and Economic Development blocked construction because advocates for merchants aimed to keep rice prices low. Wanwipha also blamed poor management of the farmers' Fund for the cycle of debt. She told us that the Fund had already been reduced by half since its establishment, with little apparent impact on debt reduction.

17. (SBU) Wanwipha did not see any trends in the political leanings of the farmers, and pointed to a pattern of farmer protests emerging with each new government. Thai governments, she noted, have always offered short-term solutions that did not break the cycle of debt. She said that many farmers drawn to Thaksin's populist policies (one of which involved forgiving small amounts of farmer debt) soon realized that other parties could offer better populist programs, and farmers' loyalties hinged on lucrative short-term offers. "They will shift allegiances for 500 Baht (\$15)," she explained. She suggested the Democrat Party would be able to resolve the recent burst of farmer protests with short-term resolutions, but regretted that no government had been able to restructure management of the farmer's fund or offer other long-term solutions, such as storage facilities or marketing programs for produce, to ease the debt burden of farmers.

JOHN